

# THE WASTEBASKET



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**ITEM:** Erroneous Payments: The Waste of Taxpayer Money

**IMPROVEMENT NEEDED:** GAO has reported erroneous payments of around \$20 billion for each of the past three years. However, OMB figures confirm that government-wide erroneous payments exceed those reported in agency financial statements and OMB projects erroneous payments (including both overpayments and underpayments) total at least \$33.7 billion.

**ACTION:** The OMB has asked every federal program that makes more than \$2 billion in benefit payments to submit plans for reducing their erroneous payments.

For example, the Department of Agriculture (DOA) has begun assessing penalties on California and Michigan, which have error rates of 17.4 and 13.9 respectively when their error rates greatly exceed the national average.

**RESULTS:** Medicare reported a decrease in its erroneous payment rate from 6.8 percent in 2000 to 6.3 percent in 2001. This improvement means \$1 billion more of taxpayer dollars ends up in the hands of senior citizens, people with disabilities and citizens who truly need the assistance.

The national food stamp error rate fell from 8.9 percent in FY 2000 to 8.7 percent in FY 2001, the lowest error rate ever.

**BACKGROUND:** In August 2001, the President released his Management Agenda to improve the management and performance of the federal government. OMB announced plans to establish each federal agency's estimates for erroneous payments and work with the agencies to establish practices to reduce these errors.

**FOR MORE INFORMATION:** See testimony on erroneous payments by Deputy Director for Management, Mark Everson, at <http://www.whitehouse.gov/omb/legislative/testimony/everson100302.html>.